

MARSHAL OF CITY COURT
OF DENHAM SPRINGS - WARD TWO

REPORT ON AUDIT OF
COMPONENT UNIT FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **DEC 11 2013**

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INDEPENDENT AUDITOR'S REPORT

Mr. Jerry Denton
Marshal of City Court of
Denham Springs - Ward Two
Denham Springs, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund (General Fund), and the budgetary comparison statement of the General Fund of the Marshal of City Court of Denham Springs - Ward Two "the Marshal" (a component unit of the City of Denham Springs), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Marshal of City Court of
Denham Springs - Ward Two

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the Major Fund (General Fund) of the Marshal of City Court of Denham Springs - Ward Two as of June 30, 2013, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Marshal of City Court of Denham Springs - Ward Two's June 30, 2012 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 22, 2012. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 4 through 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Marshal of City Court of
Denham Springs - Ward Two

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2013, on our consideration of the Marshal's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marshal of City Court of Denham Springs - Ward Two's internal control over financial reporting and compliance.

Respectfully submitted,

Hannu J. Bourgeois, CPA

Denham Springs, Louisiana
November 6, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Marshal of City Court of Denham Springs-Ward Two's (Marshal) financial performance provides an overview of the Marshal's financial activities for the year ended June 30, 2013. Please read it in conjunction with the Marshal's financial statements, which begin on, page 8.

FINANCIAL HIGHLIGHTS

The Marshal's net position increased by \$37,735, or approximately, 68%

The Marshal's total program revenues were \$737,691 compared to \$674,355 last year. Other revenues totaled \$30,512 as compared to \$7,587 last year.

Total expenses for the Marshal's Office during the year ending June 30, 2013 was \$730,468 compared to \$726,925 last year. This was an increase of \$3,543 or 5%.

USING THIS ANNUAL REPORT

This report consists of a series of financial statements. The Statement of Net Position and Statement of Activities (pages 8 and 9) provide information about the Marshal's activities as a whole. The Balance Sheet for Governmental Funds (page 10) details the assets and liabilities of the governmental funds while the Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position (page 11) shows why the amounts reported for governmental activities in the Statement of Net Position is different. Pages 12 and 13 detail the revenues, expenditures and changes in fund balance of the governmental funds while the reconciliation (page 14) reconciles net changes in fund balances to change in net position of the Governmental Activities. Pages 15 and 16 reflect the differences in the adopted budget and actual results. The increase in revenues was primarily due to receiving more court costs. The increase in expenditures was caused primarily by an increase in contract services and capital outlay. Notes to the Financial Statements as a form of explanation follow this report. The Marshal is an independent elected official. However, since the Marshal's office is dependent on the City of Denham Springs to provide office space, a courtroom and related utility costs, as well as reimbursements of a portion of its salaries and related employee benefit costs, the Marshal is determined to be a component unit of the City of Denham Springs. The accompanying financial statements only present information on the funds maintained by the Marshal.

REPORTING THE FUNDS MAINTAINED BY THE MARSHAL OF CITY COURT OF DENHAM SPRINGS-WARD TWO AS A WHOLE:

THE STATEMENT OF NET POSITION AND THE STATEMENT OF ACTIVITIES

Our analysis of the funds maintained by the Marshal as a whole begins on page 8. The Statement of Net Position and Statement of Activities report information about the funds maintained by the Marshal as a whole and about its activities in a way which helps answer one of the most important questions asked about the Marshal's finances, "Is the Marshal, as a whole, better off or worse off as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting used by most private sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when the cash was received or paid.

These two statements report the Marshal's net position and the changes in them. The net position, the difference between the assets and the liabilities, is one way to measure the Marshal's financial position or financial health and over time, increases or decreases in the net position are one indicator of whether its financial health is improving or deteriorating.

We record the funds maintained by the Marshal as governmental activities in the Statement of Net Position and the Statement of Activities.

All of the expenses paid from the funds maintained are reported here as governmental activities and consist primarily of salaries, fees paid and benefits, office expenses, contract services, memberships, educational and training conferences, vehicle and equipment expenses and operational expenses. Court cost and fees and operating grants and contributions from the City of Denham Springs and the Livingston Parish Council finance most of the activities of the Marshal.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of an entity's financial position. The Marshal's total net position increased from \$55,698 to \$93,433.

The largest portion of the Marshal's net position at June 30, 2013 is in capital assets. The Marshal's office has been able to take advantage of new technology in an effort to provide services to the public in the most efficient and effective manner.

TABLE I
TOTAL NET POSITION
Governmental Activities

	<u>2013</u>	<u>2012</u>	Increase (Decrease)
Current Assets	\$ 72,592	\$ 29,098	\$ 43,494
Capital Assets	<u>132,094</u>	<u>107,361</u>	<u>24,733</u>
Total	204,686	136,459	68,227
Liabilities	111,253	80,761	30,492
Net Position.			
Investments in Capital Assets	86,903	81,788	5,115
Unrestricted (Deficit)	<u>6,530</u>	<u>(26,090)</u>	<u>32,620</u>
Total Net Position	<u>\$ 93,433</u>	<u>\$ 55,698</u>	<u>\$ 37,735</u>

Total net position of the funds maintained by the Marshal's governmental activities increased by \$37,735, or approximately 68%. Unrestricted net position, the part of net position that can be used to finance the Marshal's expenses without constraints or other legal requirements, increased \$32,620 for the year ended June 30, 2013.

TABLE 2
CHANGE IN NET POSITION
Governmental Activities

	<u>2013</u>	<u>2012</u>	Increase (Decrease)
Revenues:			
Program Revenues			
Court Costs and Fees	\$378,134	\$329,960	\$ 48,174
Operating Grants and Contributions	359,557	344,395	15,162
General Revenue	<u>30,512</u>	<u>7,587</u>	<u>22,925</u>
Total Revenues	768,203	681,942	86,261
Expenses:			
General Governmental Judicial Expense	<u>730,468</u>	<u>726,925</u>	<u>3,543</u>
Increase (Decrease) in Net Position	<u>\$ 37,735</u>	<u>\$ (44,983)</u>	<u>\$ 82,718</u>

During the fiscal year ended June 30, 2013 Court Costs and Fees received increased by \$48,174 or approximately 14.6%, while Operating Grants and Contributions increased by \$15,162 and General Revenues increased by \$22,925. Total revenues increased by \$86,261 or approximately 12.7%.

Expenses, excluding depreciation expense of \$41,899, increased by \$5,087 or approximately .74%. Salaries and benefits increased by \$3,194 but was offset by a decrease of \$8,661 in office expenses.

CAPITAL ASSETS

The Marshal's office purchased two (2) new Chevrolet Impalas for law enforcement use. In addition, the City of Denham Springs donated a used Harley Davidson motorcycle to the Marshal's Office for law enforcement use.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The Marshal's management considered many factors when setting the operating budget for the fiscal year ending June 30, 2014. As minimal changes are expected in the next fiscal year, anticipated revenues will be approximately \$645,500, while anticipated expenditures will be approximately \$645,500. The 2014 operating budget is a zero based budget with fund balance remaining the same. The Marshal also plans to increase the efforts of the office to recover outstanding court costs and fees.

CONTACTING THE MARSHAL'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview for the funds maintained by the Marshal of City Court of Denham Springs-Ward Two and to show the accountability for the money it receives. If you have any questions or need additional financial information, contact Marshal Jerry Denton at 398 Mayor Herbert Hoover Ave., Denham Springs, Louisiana 70726.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

STATEMENT OF NET POSITION

JUNE 30, 2013

With Comparative Totals as of June 30, 2012

ASSETS

	Governmental Activities	
	2013	2012
Cash and Cash Equivalents	\$ 72,592	\$ 29,098
Capital Assets (Net of Accumulated Depreciation)	132,094	107,361
Total Assets	<u>\$ 204,686</u>	<u>\$ 136,459</u>

LIABILITIES

Accounts Payable	\$ 23,303	\$ 20,709
Accrued Liabilities	3,996	3,098
Due to Primary Government	24,122	25,255
Due to Other Governments	4,687	3,346
Payroll Taxes Payable	9,954	2,780
Non-Current Liabilities:		
Due Within One Year	16,307	15,140
Due in More Than One Year	<u>28,884</u>	<u>10,433</u>
Total Liabilities	111,253	80,761

NET POSITION

Investment in Capital Assets, Net of Related Debt	86,903	81,788
Unrestricted (Deficit)	<u>6,530</u>	<u>(26,090)</u>
Total Net Position	<u>93,433</u>	<u>55,698</u>
Total Liabilities and Net Position	<u>\$ 204,686</u>	<u>\$ 136,459</u>

The accompanying notes constitute an integral part of this statement

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2013

With Comparative Totals for the Year Ended June 30, 2012

<u>Governmental Activities:</u>	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
Expenses:		
Judicial.		
Salaries, Fees Paid and Benefits	\$ 501,063	\$ 497,869
Office Expenses	90,397	99,058
Contract Services	87,438	77,749
Memberships and Educational Conferences	7,295	6,621
Interest Expense	2,376	2,185
Depreciation	<u>41,899</u>	<u>43,443</u>
Total Expenses	730,468	726,925
Program Revenues:		
Court Costs and Fees	378,134	329,960
Operating Grants and Contributions	<u>359,557</u>	<u>344,395</u>
Net Program Revenues (Expenses)	7,223	(52,570)
General Revenues:		
Miscellaneous Income	5,989	4,338
Donations	8,000	3,000
Interest Income	123	111
Net Gain on Sale of Capital Assets	<u>16,400</u>	<u>138</u>
Change in Net Position	37,735	(44,983)
Net Position - Beginning of Year	<u>55,698</u>	<u>100,681</u>
Net Position - End of Year	<u><u>\$ 93,433</u></u>	<u><u>\$ 55,698</u></u>

The accompanying notes constitute an integral part of this statement.

FUND FINANCIAL STATEMENTS

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

BALANCE SHEET - GOVERNMENTAL FUND

JUNE 30, 2013

With Comparative Totals as of June 30, 2012

	<u>2013</u>	<u>2012</u>
ASSETS		
Assets:		
Cash and Cash Equivalents	\$ <u>72,592</u>	\$ <u>29,098</u>
Total Assets	\$ <u><u>72,592</u></u>	\$ <u><u>29,098</u></u>
 LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts Payable	\$ 23,303	\$ 20,709
Accrued Liabilities	3,996	3,098
Due to Primary Government	24,122	25,255
Due to Other Governments	4,687	3,346
Payroll Taxes Payable	<u>9,954</u>	<u>2,780</u>
Total Liabilities	66,062	55,188
 Fund Balance:		
Unassigned (Deficit)	<u>6,530</u>	<u>(26,090)</u>
Total Fund Balance	<u><u>6,530</u></u>	<u><u>(26,090)</u></u>
 Total Liabilities and Fund Balance	\$ <u><u>72,592</u></u>	\$ <u><u>29,098</u></u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

JUNE 30, 2013

With Comparative Totals as of June 30, 2012

	<u>2013</u>	<u>2012</u>
Fund Balance - Total Governmental Fund	\$ 6,530	\$ (26,090)
Amounts reported for governmental activities in the statement of net position are different because.		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Governmental Capital Assets	331,030	284,607
Less. Accumulated Depreciation	<u>(198,936)</u>	<u>(177,246)</u>
	132,094	107,361
Long-Term liabilities are not due and payable in the current period and therefore are not reported in the Governmental Funds		
Capital Lease Payable	<u>(45,191)</u>	<u>(25,573)</u>
	<u>(45,191)</u>	<u>(25,573)</u>
Net Position of Governmental Activities	<u>\$ 93,433</u>	<u>\$ 55,698</u>

The accompanying notes constitute an integral part of this statement

MARSHAL OF CITY COURT OF DENHAM SPRINGS -WARD TWO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND**

**FOR THE YEAR ENDED JUNE 30, 2013
With Comparative Totals for the Year Ended June 30, 2012**

	<u>2013</u>	<u>2012</u>
Revenues:		
Charges for Services		
Court Costs and Fees	\$ 363,472	\$ 327,118
Bond Preparation Fee	11,715	934
Bond Surrender Fee and Bond Forfeiture	<u>2,947</u>	<u>1,908</u>
	378,134	329,960
Intergovernmental Revenues -		
On Behalf Payments	96,032	90,378
Primary Government - City of Denham Springs	220,814	216,517
Livingston Parish Council	38,100	37,500
Grant Revenue	4,611	-
Miscellaneous Income	5,989	4,338
Donations	8,000	3,000
Interest Income	<u>123</u>	<u>111</u>
Total Revenues	751,803	681,804
Expenditures:		
Judicial:		
Salaries, Fees Paid and Benefits.		
Salaries	449,254	437,615
Payroll Tax Expense	30,144	40,202
Retirement Expense	<u>21,665</u>	<u>20,052</u>
	501,063	497,869
Office Expenses:		
Office Supplies and Printed Forms	11,661	11,775
Telephone	12,171	12,137
Postage	2,050	2,035
Miscellaneous	20,599	11,959
Insurance	35,290	40,438
Uniforms	6,037	7,439
Police Supplies	<u>2,589</u>	<u>13,275</u>
	90,397	99,058

(CONTINUED)

MARSHAL OF CITY COURT OF DENHAM SPRINGS -WARD TWO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUND (CONTINUED)**

**FOR THE YEAR ENDED JUNE 30, 2013
With Comparative Totals for the Year Ended June 30, 2012**

Expenditures (Continued):	<u>2013</u>	<u>2012</u>
Judicial (Continued):		
Contract Services		
Professional Fees	12,935	14,381
Service Contract	32,933	21,791
Equipment Rental	14,095	9,554
Maintenance	749	195
Vehicle Expense	<u>26,726</u>	<u>31,828</u>
	87,438	77,749
Memberships and Educational Conferences:		
Membership Dues and Subscriptions	1,213	1,586
Training	<u>6,082</u>	<u>5,035</u>
	7,295	6,621
Capital Outlay	69,296	10,500
Debt Service:		
Principal Retirement	23,650	21,024
Interest	<u>2,376</u>	<u>2,185</u>
	<u>26,026</u>	<u>23,209</u>
Total Expenditures	<u>781,515</u>	<u>715,006</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,712)	(33,202)
Other Financing Sources:		
Proceeds from the Issuance of Capital Lease	43,268	-
Sale of Capital Assets	<u>19,064</u>	<u>1,760</u>
Total Other Financing Sources	<u>62,332</u>	<u>1,760</u>
Net Change in Fund Balance	32,620	(31,442)
Fund Balance (Deficit) - Beginning of Year	<u>(26,090)</u>	<u>5,352</u>
Fund Balance (Deficit) - End of Year	<u>\$ 6,530</u>	<u>\$ (26,090)</u>

The accompanying notes constitute an integral part of this statement.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUND
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2013

With Comparative Totals for the Year Ended June 30, 2012

	<u>2013</u>	<u>2012</u>
Net Change in Fund Balance - Total Governmental Fund	\$ 32,620	\$ (31,442)
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. In the statement of activities, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay expense exceeded (was less than) depreciation expense in the current period.		
	27,397	(32,943)
Add accumulated depreciation on capital assets retired during the year	20,209	55,393
Less cost basis of capital assets retired during the year	(22,873)	(57,015)
The issuance of Long-Term Debt (e.g., bonds, leases) provides current financial resources to Governmental Funds, while the repayment of the principal of Long-Term Debt consumes the current financial resources of the Governmental Funds. Neither transaction, however, has any effect on Net Position.		
Proceeds from the Issuance of Capital Lease	(43,268)	-
Repayment of Principal on Long-Term Debt	23,650	21,024
Change in Net Position of Governmental Activities	<u>\$ 37,735</u>	<u>\$ (44,983)</u>

The accompanying notes constitute an integral part of this statement

MARSHAL OF CITY COURT OF DENHAM SPRINGS -WARD TWO

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Original and Final Budget	Actual	Variance With Final Budget
Revenues:			
Charges for Services:			
Court Costs and Fees	\$ 323,872	\$ 363,472	\$ 39,600
Bond Preparation Fee	10,950	11,715	765
Bond Surrender Fee and Bond Forfeiture	1,500	2,947	1,447
	336,322	378,134	41,812
Intergovernmental Revenues -			
On Behalf Payments	30,000	96,032	66,032
Primary Government - City of			
Denham Springs	216,460	220,814	4,354
Livingston Parish Council	54,918	38,100	(16,818)
Grant Revenue	-	4,611	4,611
Miscellaneous Income	4,550	5,989	1,439
Donations	3,000	8,000	5,000
Interest Income	250	123	(127)
Total Revenues	645,500	751,803	106,303
Expenditures:			
Judicial			
Salaries, Fees Paid and Benefits:			
Salaries	371,030	449,254	(78,224)
Payroll Tax Expense	37,588	30,144	7,444
Retirement Expense	28,000	21,665	6,335
	436,618	501,063	(64,445)
Office Expenses.			
Office Supplies and Printed Forms	15,897	11,661	4,236
Telephone	11,275	12,171	(896)
Postage	2,250	2,050	200
Miscellaneous	12,335	20,599	(8,264)
Insurance	37,300	35,290	2,010
Uniforms	7,500	6,037	1,463
Police Supplies	11,500	2,589	8,911
	98,057	90,397	7,660

(CONTINUED)

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND - (CONTINUED)**

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget</u>
Expenditures (Continued):			
Judicial (Continued)			
Contract Services.			
Professional Fees	12,700	12,935	(235)
Service Contract	21,625	32,933	(11,308)
Equipment Rental	9,875	14,095	(4,220)
Maintenance	575	749	(174)
Vehicle Expense	30,650	26,726	3,924
	<u>75,425</u>	<u>87,438</u>	<u>(12,013)</u>
Memberships and Educational Conferences			
Membership Dues and Subscriptions	1,350	1,213	137
Training	3,800	6,082	(2,282)
	<u>5,150</u>	<u>7,295</u>	<u>(2,145)</u>
Capital Outlay	14,000	69,296	(55,296)
Debt Service:			
Principal Retirement	16,250	23,650	(7,400)
Interest	-	2,376	(2,376)
	<u>16,250</u>	<u>26,026</u>	<u>(9,776)</u>
Total Expenditures	<u>645,500</u>	<u>781,515</u>	<u>(136,015)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(29,712)	(29,712)
Other Financing Sources:			
Proceeds from Issuance of Capital Lease	-	43,268	43,268
Sale of Capital Assets	-	19,064	19,064
Total Other Financing Sources	<u>-</u>	<u>62,332</u>	<u>62,332</u>
Net Change in Fund Balance	-	32,620	32,620
Fund Balance - Beginning of Year	<u>(26,090)</u>	<u>(26,090)</u>	<u>-</u>
Fund Balance - End of Year	<u><u>\$ (26,090)</u></u>	<u><u>\$ 6,530</u></u>	<u><u>\$ 32,620</u></u>

The accompanying notes constitute an integral part of this statement

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Note 1 - Summary of Significant Accounting Policies -

The General Fund of the Marshal of City Court of Denham Springs - Ward Two (the "Marshal") was created to account for revenues received from the Criminal Docket of City Court of Denham Springs - Ward Two

The accounting and reporting policies of the Marshal of City Court of Denham Springs - Ward Two conform to accounting principles generally accepted in the United States of America as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and statements issued by the Governmental Accounting Standards Board.

A Financial Reporting Entity

For reporting purposes the City of Denham Springs, Louisiana, serves as the financial reporting entity for both the municipality (City of Denham Springs) and for the Ward Two Court System. The financial reporting entity consists of (1) the primary government (all funds under the auspices of the Mayor and Council of the City of Denham Springs), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 61, the Financial Reporting Entity, established criteria for determining which component units should be considered part of the City of Denham Springs for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit, and
2. Financial accountability, and
 - a. The primary government appoints a voting majority of the potential component unit's governing body and the primary government is able to impose its will on the potential component unit (or)
 - b. When a potential component unit is fiscally dependent on the primary government regardless of whether the organization has separately elected officials or boards
3. Financial benefits/burden relationship between the primary government and the potential component unit, and
4. Misleading to exclude. Which covers other potential component units for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Based on the previous criteria, City Management has included the Marshal of City Court of Denham Springs - Ward Two as a component unit of the City of Denham Springs. Since the Marshal is an elected official and has certain statutorily defined sources of funds for his own operating and/or capital budget discretion, the funds of the Marshal of City Court of Denham Springs - Ward Two will be discretely presented in the City of Denham Springs government-wide financial statements for the year ended June 30, 2013.

B Basis of Presentation

Basic Financial Statements - Government-Wide Statements

The Marshal's basic financial statements include both government-wide (reporting the Marshal as a whole) and fund financial statements (reporting the Marshal's major fund – the General Fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. There were no activities of the Marshal categorized as a business type activity.

In the government-wide Statement of Net Position, the governmental activity column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis.

The government-wide Statement of Activities reports both the gross and net cost of the Marshal's function. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflect capital-specific grants.

The net costs (by function) are normally covered by general revenue (interest and investment earnings, etc).

The Marshal does not allocate indirect costs.

This government-wide focus is more on the sustainability of the Marshal as an entity and the change in the Marshal's net position resulting from the current year's activities.

Basic Financial Statements - Fund Financial Statements

The financial transactions of the Marshal are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The various funds are reported by generic classification within the financial statements.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

The Marshal uses the following fund types.

Governmental Funds

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. The following is a description of the governmental funds of the Marshal.

- 1) The General Fund is the general operating fund of the Marshal. It is used to account for all financial resources except those required to be accounted for in another fund. At June 30, 2013, it is the only fund of the Marshal.

C Basis of Accounting and Measurement Focus

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

1. Accrual -

The governmental activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Revenues of the Marshal consist principally of interest income and fines and fees for services relating to court filings. Interest income is recorded when earned. Fines and fees for services are recorded when received in cash because they are generally not measurable until actually received.

2. Modified Accrual -

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means that the amount of the transaction can be determined and "available" means that the amount of the transaction is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. A one-year availability period is used for revenue recognition for all governmental fund type revenues. Expenditures are recorded when the related fund liability is incurred. Depreciation is not recognized in the Governmental Fund Financial Statements.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

D Capital Assets

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements or other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight line basis over the following estimated useful lives:

Vehicles	5 years
Computer equipment	5 years
Office furniture and equipment	5 to 10 years
Office improvements	10 to 20 years

E Budgets and Budgetary Accounting

The proposed budget for the General Fund of the Marshal was adopted July 2, 2012 for the fiscal year ended June 30, 2013. There were no amendments to the original budget on July 2, 2012.

F. Accumulated Unpaid Vacation and Sick Pay

The Employees of the Marshal of City Court of Denham Springs - Ward Two are not allowed to accumulate vacation or sick time.

G. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

H Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

I Fund Balance

GASB Statement No. 54 redefined how fund balances are presented in fund financial statements. In the governmental fund financial statements, fund balances are classified as follows.

Nonspendable - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact

Restricted - Amounts that can be spent only for specific purposes because of the state or federal laws, or externally imposed conditions by grantors or creditors.

Committed - Amounts that can only be used for specific purposes determined by a formal action of the Marshal. These amounts cannot be used for any other purpose unless the Marshal removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed

Assigned - Amounts that are designated as committed by the Marshal but are not spendable until a budget ordinance is passed

Unassigned - All amounts not included in other spendable classifications.

The details of the fund balances are included in the Balance Sheet - Governmental Funds (page 10). As noted above, restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by the Marshal or the Assignment has been changed by the Marshal. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order

J Summary Financial Information for 2012

The financial statements include certain prior year summarized comparative information in total. Such information does not include sufficient details to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Marshal's financial statements for the year ended June 30, 2012, from which the summarized information was derived

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Note 2 - Deposits and Investments -

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with maturities of 90 days or less. Investments include certificates of deposit with maturities over 90 days. Under state law the Marshal may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the Marshal may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

At June 30, 2013, the carrying amount of the Marshal's Cash and Cash Equivalents and Investments totaled \$72,592, and the confirmed bank balances were \$110,514. Cash and cash equivalents are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are to be held in the name of the pledging bank in a custodial bank that is mutually acceptable to the parties involved. The cash and cash equivalents at June 30, 2013, were secured as follows:

	<u>Cash</u>
Deposits in Bank Accounts per Balance Sheet	<u>\$ 72,592</u>
Bank Balances (Category 3 Only):	
a. Uninsured and Uncollateralized	\$ -
b. Uninsured and Collateralized with Securities Held by the Pledging Institution	-
c. Uninsured and Collateralized with Securities Held by the Pledging Institution's Trust Department or Agent, but not in the Entities Name	<u>-</u>
Total Category 3 Bank Balances	<u>\$ -</u>
Total Bank Balances (Regardless of Category)	<u>\$ 110,514</u>

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Custodial Credit Risk - Deposits. In the case of deposits, this is the risk that in the event of a bank failure, the Marshal's deposits may not be returned to it. As of June 30, 2013, none of the Marshal's bank balance of \$110,514 was exposed to custodial credit risk because it was completely insured by FDIC.

Note 3 - Changes in Capital Assets -

Capital asset activity for the year ended June 30, 2013 is as follows

<u>Governmental Activities</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
Office Equipment	\$ 21,489	\$ 3,008	\$ -	\$ 24,497
Furniture and Fixtures	17,111	-	-	17,111
Machinery and Equipment	44,073	4,327	-	48,400
Vehicles	189,405	61,961	(22,873)	228,493
Leasehold Improvements	<u>12,529</u>	<u>-</u>	<u>-</u>	<u>12,529</u>
Totals	284,607	69,296	(22,873)	331,030
Less Accumulated Depreciation for				
Office Equipment	(16,680)	(1,428)	-	(18,108)
Furniture and Fixtures	(11,588)	(1,768)	-	(13,356)
Machinery and Equipment	(37,435)	(3,114)	-	(40,549)
Vehicles	(105,888)	(34,556)	20,209	(120,235)
Leasehold Improvements	<u>(5,655)</u>	<u>(1,033)</u>	<u>-</u>	<u>(6,688)</u>
Total Accumulated Depreciation	<u>(177,246)</u>	<u>(41,899)</u>	<u>20,209</u>	<u>(198,936)</u>
Capital Assets, Net	<u>\$ 107,361</u>	<u>\$ 27,397</u>	<u>\$ (2,664)</u>	<u>\$ 132,094</u>

Depreciation expense was charged to governmental activities as follows

Judicial	<u>\$ 41,899</u>
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MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Note 4 - Long Term Liabilities -

Capital Lease Payable The Marshal entered into a capital lease agreement on July 9, 2010, for financing the purchase of a 2010 Chevrolet Express for transporting prisoners. The lease requires monthly payments of principal and interest of \$530 for forty-eight months with a final payment due July 9, 2014. In addition, the Marshal entered into a capital lease agreement on February 28, 2013, for financing the purchase of two 2013 Chevrolet Impalas for the deputies. The lease requires monthly payments of principal and interest of \$1,002 for forty-eight months with a final payment due January 31, 2017. The lease agreements contain a non-appropriation exculpatory clause that allows cancellation if the Marshal does not make an annual appropriation for the lease payments. The capital leases payable at June 30, 2013, are as follows.

<u>Description/Purpose</u>	<u>Original Lease Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance June 30, 2013</u>
Capital lease to finance the purchase of 2010 Chevrolet Express	\$ 22,881	5.27%	07/09/14	\$ 6,179
Capital lease to finance the purchase of two 2013 Chevrolet Impalas	\$ 43,268	5.50%	01/31/17	39,012
				<u>\$ 45,191</u>

Capital lease payments to maturity including interest requirements are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 16,307	\$ 2,070	\$ 18,377
2015	10,698	1,322	12,020
2016	11,302	718	12,020
2017	<u>6,884</u>	<u>126</u>	<u>7,010</u>
Total	<u>\$ 45,191</u>	<u>\$ 4,236</u>	<u>\$ 49,427</u>

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Changes in Long-Term Debt. Long-term liability activity for the year ended June 30, 2013 is as follows:

	<u>Balance</u> <u>June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2013</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Capital Lease	\$ 25,573	\$ 43,268	\$ 23,650	\$ 45,191	\$ 16,307

Note 5 - Retirement Commitments -

Employees of the Marshal of City Court of Denham Springs - Ward Two may elect to be members of the Parochial Employees' Retirement System of Louisiana - Plan "B", a multiple-employer public employee retirement system. Contributions to the system are made by both employees and the Marshal's office as a percentage of salaries. Beginning January 1, 2010, the contribution rate for the employer was 10.00% of covered earnings and the rate for the employee was 3.00% of covered earnings. For the fiscal year ended June 30, 2013, the Marshal contributed \$21,665. Data concerning the actuarial status of the system at June 30, 2013, is not currently available.

All employees of the Marshal's office are also covered by the Social Security System. The Marshal's office contributed \$29,299 to the System in fiscal year 2013, as its share of employer contributions.

Note 6 - On-Behalf Payments for Salaries and Benefits -

The Marshal follows Government Accounting Standards Board Statement No. 24 "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance." This standard requires the Marshal to report in the financial statements on-behalf salary and fringe benefit payments made by the State of Louisiana, the City Court of Denham Springs - Ward Two, and the Livingston Parish Council. These payments were made directly to the Marshal and his employees.

The Marshal is not legally responsible for these salary supplements. Therefore, the basis for recognizing the revenue and expenditure payments is the actual contributions made by each of the entities to the Marshal and the employees.

For the fiscal year ended June 30, 2013, State supplemental payments to the Marshal and employees amounted to \$30,000 while payments from the City Court and the Livingston Parish Council amounted to \$48,957 and \$17,075, respectively.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2013

Note 7 - Revenues and Expenditures - Actual Compared to Budget -

The Marshal had actual expenditures and/or other uses over budgeted expenditures and/or other uses by 5% or more for the year ended June 30, 2013 as follows

<u>General Fund</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Judicial Expenditures	\$ 645,500	\$ 781,515	\$ (136,015)

State law requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures by 5% or more

Note 9 - Current Accounting Pronouncements -

In June 2012, the Governmental Accounting Standards Board issued GASB Statement No 68 "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27." The principal objective of this Statement is to improve the usefulness of information for decisions made by the various users of the general purpose external financial reports (financial reports) of governments whose employees—both active employees and inactive employees—are provided with pensions. One aspect of that objective is to provide information about the effects of pension-related transactions and other events on the elements of the basic financial statements of state and local governmental employers. This information will assist users in assessing the relationship between a government's inflows of resources and its total cost (including pension expense) of providing government services each period. Another aspect of that objective is to provide users with information about the government's pension obligations and the resources available to satisfy those obligations. An additional objective of this Statement is to improve the information provided in government financial reports about pension-related financial support provided by certain nonemployer entities that make contributions to pension plans that are used to provide benefits to the employees of other entities. Statement No. 67, *Financial Reporting for Pension Plans*, establishes standards of financial reporting for defined benefit pension plans and defined contribution pension plans that are used to provide pensions that are within the scope of this Statement. The two Statements are closely related in some areas, and certain provisions of this Statement refer to Statement 67. This Statement will be required to be adopted by the Marshal of City Court of Denham Springs – Ward Two for fiscal year ending June 30, 2015.

Management is currently evaluating the effects of the new GASB pronouncements scheduled for implementation for fiscal year ending June 30, 2015 and has not determined the impact on the financial statements of implementing GASB 68.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

Mr. Jerry Denton
Marshal of City Court of
Denham Springs - Ward Two
Denham Springs, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund (General Fund), and the budgetary comparison statement of the General Fund of the Marshal of City Court of Denham Springs - Ward Two "the Marshal" (a component unit of the City of Denham Springs), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Marshal's basic financial statements, and have issued our report thereon dated November 6, 2013

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Marshal's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Marshal's internal control. Accordingly, we do not express an opinion on the effectiveness of Marshal's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a deficiency in internal control that we consider to be a material weakness.

Marshal of City Court of
Denham Springs - Ward Two

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses to be a material weakness. See item 2013-01.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Marshal's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings and responses as item 2013-02.

Marshal's Response to Findings

The Marshal's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. The Marshal's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Marshal's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Marshal's internal control and compliance. Accordingly, this communication is not suitable for any other purpose; however, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Harris J. Bourgeois, M.P.

Denham Springs, Louisiana
November 6, 2013

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2013

Current Year Findings:

(A) Findings - Internal Control over Financial Reporting

2013-01: Timely and Accurate Preparation and Review of Reconciliations, Appropriate Financial Statement Closing Process, and Preparation for Audit:

Criteria:

Timely and accurate reconciliations of general ledger balances including a review process with supporting schedules are necessary to determine if all accounting transactions are properly recorded and balances are accurate to ensure that the financial statements are materially correct. A checklist of items to complete to close the books is needed to determine the completeness of documentation and reconciliations required to prepare for the audit.

Condition:

During the current year audit, we noted the Marshal's accounting cycles including but not limited to cash, capital assets, accounts payable, accrued liabilities, long term debt, equity, revenues, expenditures, and other financing sources (uses) were not correctly reconciled or transactions correctly recorded in the general ledger to reflect accurate accounting information for the audit.

The following net adjustments were required to the original trial balance provided to us for audit that resulted from the Marshal not properly reconciling and recording various accounts and accounting cycles:

- Cash and Investments was decreased by net adjustments of (\$27,106)
- Capital Assets was decreased by net adjustments of (\$9,832)
- Payables was decreased by net adjustments of (\$30,304)
- Long Term Debt was decreased by net adjustments of (\$1,406)
- Equity was increased by net adjustments of \$3,401
- Revenues was increased by net adjustments of \$90,254
- Expenditures excluding Capital Outlay was decreased by net adjustments of \$61,218
- Capital Outlay expenditures was increased by net adjustments of \$65,796
- Other Financing Sources (Uses) was increased by net adjustments of \$43,268
- Net effect of these adjustments increased Net Income by \$6,508

As identified above, many of the net adjustments are material to the financial statements and without being corrected the financial statements would have been completed with errors

We were originally informed that all reconciliations were being performed and the trial balance and audit schedules would agree to a correctly adjusted trial balance. Upon beginning our audit, we determined this

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

had not been accomplished for many accounts. The overall condition and accuracy of the accounting records including the lack of accurate reconciliations and documentation that we requested for the audit caused significant delays and a significant amount of extra time for us to complete our audit procedures.

Effect.

Due to the errors with various reconciliations and with the recording of transactions, various general ledger account balances reflected inaccurate balances. There is a likelihood that an error or omission may occur in the financial statements without appropriate procedures for reconciling and closing the books.

Recommendation

We recommend that formal reconciliations be performed on all of the Marshal's material account balances. These reconciliations should be performed on at least a monthly basis. A formal reconciliation form should be developed for each account that should be completed and initialed by the preparer and then reviewed. Any outages or differences should be investigated and resolved accordingly. By implementing these procedures, the overall accuracy and timeliness of financial reporting will be vastly improved so finances of the Marshal could be better monitored during the year. In addition, we recommend that formal policies and procedures over the accounting cycles and year end accounting close be developed so that accurate reconciliations are available for audit.

Management's Response:

We are in agreement in the recommendation and will implement the procedures necessary. We respectfully disagree with the statement; "The overall condition and accuracy of the accounting records including the lack of accurate reconciliations and documentation that we requested for the audit caused significant delays and a significant amount of extra time for us to complete our audit procedures." We contend that when presented with areas of concern, we immediately supplied the documentation and our outside contract accountant and bookkeeper made the adjustments timely and accurately. The recommended checklist for making timely accurately reconciliation is now in place and should resolve this issue. In addition to the recommendation, the Marshal's office requests that in the future, the auditor furnish a written date as the commencement of the audit. This will inure to the benefit of all involved.

(B) Findings - Compliance and Other Matters

Finding 2013-02: Failure to Properly Amend Budget

Criteria:

The Marshal is required to follow the requirements of the Louisiana Local Government Budget Act at LSA R S 39 1301 through 39 1315

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2013

Condition:

State Law (LSA-R.S. 39:1310) requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures by 5% or more. The Marshal has a difference of more than 5% between budgeted and actual expenditures. Also, the Marshal did not provide projected balances on the Budget Statement Template as required by LSA-R.S. 39:1305.C.(2)(a).

<u>Original and Final Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Unfavorable Variance</u>	<u>Percentage Unfavorable Variance</u>
\$ <u>645,500</u>	\$ <u>781,515</u>	\$ <u>(136,015)</u>	<u>21.07%</u>

Effect:

The Marshal did not comply with all of the requirements of the Louisiana Local Government Budget Act as outlined above.

Recommendation:

We recommend that the Marshal's office familiarize themselves with all of the provisions of the Louisiana Local Government Budget Act to make sure all relevant statutes are followed in the future. We also recommend that the Marshal more closely monitor expenditures throughout the year to better able themselves to properly adhere to their budget. This is the fourth year in a row for this finding.

Management's Response:

We recognize the provisions of the Louisiana Local Government Budget Act and take our responsibility seriously. The imbalance was due to not including "on behalf of" expenditures within our projections of expenditures. The office will include this in the current year and work closer with our outside contract accountant and bookkeeper to correct this deficiency. Capital Outlay items will be reviewed closely now and continued in the future. Respectfully "on behalf of" expenditures is by its self very nebulous when considering the Attorney General and Legislative Auditor are not readily in agreement as to what constitutes this type of expenditure.

MARSHAL OF CITY COURT OF DENHAM SPRINGS - WARD TWO

SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2013

Prior Year Findings:

(A) Findings - Internal Control over Financial Reporting

None

(B) Findings - Compliance and Other Matters

Finding 2012-01: Failure to Properly Amend Budget

State Law (LSA-R S 39 1310) requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures by 5% or more. The Marshal has a difference of more than 5% between budgeted and actual expenditures. Also, the Marshal did not provide projected balances on the Budget Statement Template as required by LSA-R S 39.1305.C (2)(a)

<u>Final</u> <u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Unfavorable Variance</u>	<u>Percentage</u> <u>Unfavorable Variance</u>
\$ <u>636,748</u>	\$ <u>715,006</u>	\$ <u>(78,258)</u>	<u>12.29%</u>

Recommendation:

We recommended for the Marshal's office familiarize to themselves with all of the provisions of the Louisiana Local Government Budget Act to make sure all relevant statutes are followed in the future. We also recommended that the Marshal more closely monitor expenditures throughout the year to better able themselves to properly adhere to their budget. This was the third year in a row for this finding.

Management's Response:

Management responded by agreeing with the auditor's recommendation and planned to re-familiarize themselves with the provisions of the Louisiana Local Government Budget Act to ensure that all relevant statutes are followed in the future and amend the budget as necessary.

Additional Recommendation:

During the current year, we noted that the adopted budget was not in compliance with State Law (LSA-R S 39 1310) which requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures by 5% or more. See current year finding 2013-02. This is the fourth year for this compliance finding.